



## THE CITY OF SAN DIEGO

DATE: June 12, 2015  
TO: Honorable Members of the Audit Committee  
FROM: Eduardo Luna, City Auditor  
SUBJECT: City Auditor Activity Report – May 2015

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This report provides information on the activities of the Office of the City Auditor for the month of May 2015. It includes the audit reports issued, the status of current audit projects, and a summary of planned audits that we have not yet started.

**May 26, 2015 – Issued our Performance Audit of the Real Estate Assets Department, Airports Division. The report can be found on our website at:**

[www.sandiego.gov/auditor/reports/fy15\\_pdf/audit/15-017\\_Airports\\_Division.pdf](http://www.sandiego.gov/auditor/reports/fy15_pdf/audit/15-017_Airports_Division.pdf)

**May 27, 2015 – Issued our Performance Audit of the Fire-Rescue Department, Lifeguard Services Division. The report can be found on our website at:**

[www.sandiego.gov/auditor/reports/fy15\\_pdf/audit/15-018\\_Lifeguard\\_Services.pdf](http://www.sandiego.gov/auditor/reports/fy15_pdf/audit/15-018_Lifeguard_Services.pdf)



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**Audits in Progress – Report Writing**

<b>Audit</b>	<b>Audit Objective</b>	<b>Target Completion Date</b>	<b>Audit Hours Used</b>	<b>Budgeted Hours</b>
<b>Annual Mission Bay Fund Audit – FY 2014</b>	The Annual Mission Bay Funds Audit is required by the City Charter, Article V, Section 55.2(e). The objective of this audit is to verify that the prior fiscal year’s collection, allocation, and use of Mission Bay Funds are in compliance with the City Charter requirements.	June 2015	216	340
<b>Citywide Other/Special Funds</b>	The objective of this audit is to review the controls associated with the disbursement and oversight of special funds, including TransNet funds.	June 2015	1,440	1,200
<b>City’s Fiscal Sustainability and Financial Condition</b>	The objective of this audit is to review the fiscal sustainability and financial condition of the City of San Diego by analyzing trends in the City’s financial data.	July 2015	917	800
<b>Business Improvement Districts</b>	The objective of this audit is to review the efficiency and effectiveness of the Business Improvement Districts.	July 2015	1,075	1,400

**Audits in Progress – Fieldwork**

<b>Audit</b>	<b>Audit Objective</b>	<b>Target Completion Date</b>	<b>Audit Hours Used</b>	<b>Budgeted Hours</b>
<b>Development Services – Code Enforcement Division</b>	The tentative objective of this audit is to review the efficiency and effectiveness of this program.	September 2015	430	1,400

**Audits in Progress – Planning**

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours
<p><b>Police Department – Property and Evidence Room and Inventory</b></p>	<p>This audit has been postponed due to the issuance of a Grand Jury report on this subject matter. Police Department management is currently working to implement changes to comply with recommendations in the Grand Jury report. After consulting with Police management, it was determined that it would be unproductive to proceed with this audit while these changes are underway. The audit will resume at a later date to, among other things, ascertain the Police Department’s compliance with the Grand Jury report recommendations and engage in a more substantive review of the operations, policies and procedures.</p>	<p>Postponed</p>	<p>202</p>	<p>1,400</p>

**Other Audit Activity**

<b>Audit</b>	<b>Audit Objective</b>	<b>Target Completion Date</b>	<b>Audit Hours Used</b>	<b>Budgeted Hours</b>
<b>Annual Central Stores Inventory Audit FY 2015</b>	The San Diego Municipal Code Section §22.0501 requires an annual count of inventory in City storerooms and warehouses. The objective of this audit is to confirm the valuation of Central Stores inventory. MGO is performing this audit as part of the CAFR audit services.	July 2015	2	40
<b>Follow-up on Audit Report Recommendations</b>	The City Auditor tracks all audit recommendations made since Fiscal Year 2008. On a semi-annual basis, we conduct audit work to determine if audit recommendations reported as implemented are in fact implemented. We report the implementation status on a semi-annual follow-up report, and we periodically issue other recommendation follow-up reports.	On-going	588	800
<b>Close-out Audits</b>	Close-out audits are required by City Charter, Article VII, Section 111, when a City Official leaves office. The primary audit objectives are to verify that there are no outstanding debts owed by the City Official to the City, and to ensure that access to critical information and processes has been revoked.	As Needed	217	240
<b>Fraud, Waste and Abuse Hotline</b>	City Auditor investigative staff reviews Fraud Hotline calls received and performs investigations for allegations of material fraud, waste or abuse. Reports are issued for substantiated fraud-related allegations, and we issue a Quarterly Fraud Hotline Report with the status of activities.	On-going	1,355	1,450

### FY 2015 Planned Audits Not Yet Started

Planned Audit	Estimated Audit Hours
Public Utilities – Overhead Rate Review (Started June 2, 2015)	1,000

Respectfully submitted,



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Eduardo Luna  
City Auditor

cc: Honorable Mayor Kevin Faulconer  
Honorable Members of the City Council  
Scott Chadwick, Chief Operating Officer  
Stacey LoMedico, Assistant Chief Operating Officer  
Brian Pepin, Director of Council Affairs  
Jan Goldsmith, City Attorney  
Andrea Tevlin, Independent Budget Analyst